

The Commission met on **Thursday, May 3, 2012**, with Acting Chair Reha, and Commissioners Boyd, O'Brien, and Wergin present.

The following matters were taken up by the Commission:

ENERGY AGENDA

E-465/WS-05-1220

In the Matter of the Request for Approval of Transfer of the Site Permit for the Jeffers Wind Energy Center to Jeffers Wind 20, LLC

Commissioner Boyd moved that the Commission authorize the site permit transfer for the Jeffers Wind Energy Center from Summit Wind, LLC to Jeffers Wind 20, LLC with the following conditions:

1. The permit sections III.H.1 and III.H.2 shall be amended.
2. The site permit shall be amended to authorize an up to 50 MW project.
3. Staff's revised site permit Exhibit 2 and 4 (which reflect the Department's changes as well as the more recent changes approved by the Commission).

The motion passed, 4-0.

TELECOMMUNICATIONS AGENDA

P-999/R-12-5

In the Matter of the Department of Commerce's Telecommunications Access Minnesota 2011 Annual Report

P-999/M-191

In the Matter of the Department of Commerce's Telecommunications Access Minnesota Fiscal Year 2013 Proposed Budget and Surcharge Recommendation

Commissioner Wergin moved that the Commission:

1. Accept TAM's 2011 Annual Report;
2. Approve TAM's proposed budget for FY 2012; and
3. Approve TAM's recommendation to retain the surcharge at \$0.06.

The motion passed, 4-0.

E-002/M-11-452

In the Matter of the Petition by Northern States Power Company d/b/a Xcel Energy for Renewal of Variances to the Fuel Clause Adjustment Rules

Commissioner Boyd moved that the Commission approve Xcel's request for a renewal of variances to the Fuel Clause Rules for an additional three years, with the following requirements for its next forecasted FCA compliance report:

1. Xcel shall continue to comply with all the requirements of the Commission's July 16, 2008 Order in Docket No. E002/M-08-451;
2. Xcel shall provide a comparison of the monthly and annual true-up methods in terms of their accuracy over the reporting period as discussed above;
3. Xcel shall provide a comparison of the monthly and annual true-up methods in terms of their impact on large interruptible customers over the reporting period as discussed above and on page 8 of the Department's August 17, 2011 comments; and
4. Xcel shall take all necessary steps by the time of its next filing for a reasonable application of the Commission's next Order if the Commission requires Xcel to use the annual true up method instead of the current monthly true-up method.

The motion passed, 4-0.

G-022/S-12-137

In the Matter of the Petition of Greater Minnesota Gas, Inc. for Approval of 2012 Capital Structure and Permission to Issue Securities

Commissioner Wergin moved that the Commission:

1. Approve GMG's requested 2012-2013 capital structure, as amended, effective until a 2013 Capital Structure Order is issued;
2. Require GMG to file a new securities issuance and capital structure petition by February 13, 2013;
3. Approve an equity ratio contingency range of 31.59 percent to 38.61 percent;
4. Approve a short-term debt contingency cap of 10 percent (i.e. GMG's short-term debt is not to exceed 10 percent of its total capitalization including the contingency);
5. Approve a total capitalization contingency of \$1.611 million above its estimated 2012 year-end total capitalization of \$16.112 million, for a total capitalization of \$17.723 million;

6. Approve a total long-term debt contingency cap of 67.4 percent (i.e. GMG's long term debt is not to exceed 67.4 percent of its total capitalization including the contingency);
7. Approve GMG's request to issue securities provided that the Company remain within the recommended contingency ranges or does not exceed them for more than 60 days;
8. Require GMG to obtain the Commission's preapproval of any issuance expected to result in the Company remaining outside of the contingency ranges for more than 60 days;
9. Require GMG to provide the following information within 20 days of each nonrecurring issuance of securities:
 - (a) The specific purposes for individual issuances;
 - (b) The type of issuances;
 - (c) The timing of issuances;
 - (d) The amount of issuances;
 - (e) Issuance costs; and
 - (f) Interest rates.

The motion passed, 4-0.

ET-6675/CI-11-1178

In the Matter of ITC Midwest LLC Compliance with Commitments in Docket E-001/PA-07-540 to Improve the Transmission System and Relieve Constraints

E-001/PA-07-540

In the Matter of the Joint Petition for Approval of Transfer of Transmission Assets of Interstate Power and Light Company to ITC Midwest LLC

Commissioner O'Brien moved to take the following actions:

1. Not invoke the discount and refund provisions of the December 12, 2007 Settlement Agreement at this time and to put ITC Midwest on notice that the Commission may invoke the discount and refund provisions in the future if further delay occurs.
2. As a condition to the Settlement Agreements, ITC must resolve all system constraints in the IPL service territory as reported by MISO and comply with a directive from the Commission to invest in any project the Commission has determined is necessary to ensure safe, adequate, efficient and reliable service. To determine which binding constraints still exist in the MN NCA and what projects are still needed to resolve these constraints, require ITC Midwest to file the following reports by June 30, 2012.

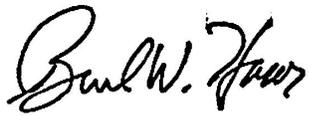
- a. A report on the current state of the transmission system in IPL service territory, including all binding constraints and the current impact of these constraints on Minnesota in terms of annual cost differential for energy flow into Minnesota; and the duration of the constraint if no longer 500 hours or no longer fully mitigated as well as the magnitude of that constraint in MWs that are not getting to MN.
- b. A report on MISO projects that address constraints in the MN NCA and ITC Midwest's plans to implement such projects, including its plans for the Lakefield-Fox Lake-Rutland-Winnebago-Hayward-Adams 161 kV line. This report should include proposed timelines for each project with the incremental steps already taken and to be taken toward the completion of the project, such as filings for state and local permits, public notices, public hearings, easement acquisitions, petitions for franchise approvals, requests for eminent domain, construction, and other relevant actions.
- c. A reconciliation of ITC Midwest's assessment of the project costs & benefits during the 07-540 proceeding and why its assessment differed from MISO's 2008 assessment of the Salem-Lore-Hazelton project that had only a 1.23 B/C ratio.
- d. Based on current data, provide an estimated projected savings over the next 15 years in Minnesota from the completions of (i) the Salem-Hazelton Project and (ii) the Arnold-Vinton Rebuild; and additionally, assess the extent to which constraints in the area are mitigated by these projects, and if not fully, by how many of the 500 hours annually will this area see constraints with & without the projects.
- e. Require ITC Midwest to file a report by June 30, 2012 on the impact of rerouting the Salem-Lore-Hazelton project around the Lore substation and provide the Commission with evidence that the rerouting of the project did not impact the purpose of the project as defined by the Settlement Agreement.
- f. Require ITC Midwest to file a report on June 30, 2012 and December 31, 2012 on the investment projects ITC Midwest has completed as part of its requirement to make \$250 million in capital investments in transmission infrastructure in the IPL service territory during the five years following closing of the Transaction.
- g. Require ITC Midwest to file a Status Report on the progress of the construction of the Salem-Hazelton Project on June 30, 2012, December 31, 2012, every six months thereafter, and upon the completion of the project.
- h. Require ITC Midwest to notify the Commission in the future about any changes to the Salem-Hazelton Project that are conveyed to MISO or IUB, including such things as siting or line path changes.

- i. For any project reasonably related to the settlement agreements, require ITC Midwest in the future to clearly and fully identify the operative and essential assumptions the Company is making when committing to project completion dates.

The motion passed 4-0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: May 16, 2012



Burl W. Haar, Executive Secretary